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ZNR UUUUU ZZH  
O 081030Z JAN 09  
FM AMEMBASSY JAKARTA  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 1173  
INFO RUEHZS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS COLL PRIORITY  
RUEHLMC/MILLENNIUM CHALLENGE CORP PRIORITY 0109  
RUEHBY/AMEMBASSY CANBERRA 3485  
RUEHLM/AMEMBASSY COLOMBO 1565  
RUEHKA/AMEMBASSY DHAKA 1554  
RUEHNE/AMEMBASSY NEW DELHI 2580  
RUEHUL/AMEMBASSY SEOUL 5302  
RUEHKO/AMEMBASSY TOKYO 2927  
RUEHWL/AMEMBASSY WELLINGTON 3406  
RUEHHK/AMCONSUL HONG KONG 3222  
RUEHPT/AMCONSUL PERTH 1396  
RUEAIIA/CIA WASHDC  
RHEFDIA/DIA WASHINGTON DC  
RUEAWJB/DEPT OF JUSTICE WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC  
RHMCSUU/FBI WASHINGTON DC  
RHEHNSC/NSC WASHDC  
RHHJJPI/USPACOM HONOLULU HI

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SENSITIVE  
SIPDIS

DEPT FOR EAP, EAP/MTS, EAP/MLS, INL  
INL FOR ROESS/CARLON  
DEPT FOR EEB/IFD/OMA  
DOJ/OPDAT FOR ALEXANDRE/BERMAN/JOHNSON  
MCC FOR LONGI  
SINGAPORE FOR BAKER  
TREASURY FOR M.NUGGET AND T. RAND  
NSC FOR E. PHU

E.O. 12958: N/A  
TAGS: [PGOV](#) [KJUS](#) [KCOR](#) [ID](#)  
SUBJECT: CORRUPTION UPDATE - KEY CONVICTIONS IN BI  
CORRUPTION SCANDAL

REF: A. JAKARTA 00019  
[B](#). JAKARTA 00004  
[C](#). 08 JAKARTA 2151

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[1](#). (U) This message is Sensitive but Unclassified--Please handle accordingly.

[2](#). (SBU) SUMMARY: The Anti-Corruption Court sentenced two former legislators to prison for their roles in the 2003 Bank Indonesia corruption scandal. So far several high-level GOI officials have been convicted for their roles in this case. The Attorney General's Office and the Supreme Court are filing separate charges against Indonesia Corruption Watch for defamation. Although both institutions have been plagued with corruption, they are currently engaged in USG-supported modernization and reform programs. END SUMMARY.

FORMER LEGISLATORS CONVICTED ON CORRUPTION CHARGES

[3](#). (U) On January 8, the Anti-Corruption Court sentenced former legislators Hamka Yandhu and Antony Zeidra Abidin to prison for their roles in the 2003-2004 Bank Indonesia (Central Bank) corruption scandal. Yandhu was sentenced to three years and fined approximately USD 23,000. Abidin, who was evasive during the trial, was sentenced to four and a half years and fined approximately USD 14,000. The two former lawmakers were members of the Indonesian Parliament (DPR)'s financial commission responsible for amendments to the Bank Indonesia (BI) law and oversaw a dispute between Bank Indonesia and the Finance Ministry over how to resolve

unpaid debts relating to the BI liquidity support scandal.

14. (U) The ever-widening scandal regarding BI liquidity support, commonly known as "BLBI," has led to the conviction of several former GOI officials: former legislators, former Bank Indonesia officials, as well as a former prosecutor (reftel C). In 2003 and 2004, Yandhu and Abidin are said to have channeled between USD 35,000 to USD 116,589 (2003-2004 dollars) of unlawfully disbursed Indonesian Banking Development Foundation (YPPI) funds to 52 former members of the national legislature (DPR) and kept approximately USD 3.6 million for themselves. The BLBI emergency liquidity credits went to commercial banks during the 1997-98 Asian financial crisis. Of the \$16 billion in BLBI loans issued after 1997, approximately a third were not repaid.

#### AGO AND SUPREME COURT HIT BACK ON CORRUPTION ALLEGATIONS

15. (U) The Attorney General's Office (AGO) filed a complaint for defamation against anti-corruption watchdog, Indonesia Corruption Watch (ICW), on January 7. The AGO filed the complaint after a newspaper report, citing ICW as a source, alleged the AGO had misappropriated recovered assets from corruption cases. The article highlighted a discrepancy between the numbers published by the AGO and those of the Supreme Audit Agency. The AGO explained that the court verdicts determined whether the recovered assets were returned to the Audit Board or the original owners of the funds.

16. (U) The Supreme Court also filed a formal complaint against the ICW. In it, the Supreme Court denied its justices had paid USD 1 million to members of the DPR to

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ensure the recent passage of a law extending the retirement age of Supreme Court justices from 67 to 70 years of age. Saying it had been unfairly singled out amidst a host of such accusations, ICW responded that it had received reports alleging bribery attempts during the discussion of the bill but had not accused Supreme Court justices of passing those bribes.

#### USG-SUPPORTED REFORM

17. (SBU) Both the AGO and the Supreme Court have been criticized for corruption in their ranks. After the arrest in April 2008 and subsequent conviction in the Anti-Corruption Court of a former anti-corruption prosecutor for his role in the BLBI corruption scandal, the AGO has struggled to maintain credibility as an effective anti-corruption body (reftel A). Amidst the swirl of corruption allegations, however, USG assistance is quietly working to improve these institutions. USDOJ/OPDAT is building the professional capability of the AGO through the AGO's Anti-Corruption Task Force and USAID is supporting AGO's bureaucratic reform. MCC assistance is overhauling the Supreme Court administration, including the establishment of an information desk, a transparency decree, a staffing assessment and a complete inventory of court physical assets. This quiet progress is not readily evident to public and anti-corruption watchdogs, which readily voice frustration with the perceived lack of progress and tend to take their allegations directly to the media.

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